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H.R. 2187 — Small Business Capital Formation Enhancement Act (Rep. Schweikert, R-AZ)

CONTACT: Jennifer Weinhart, 202-226-0706

FLOOR SCHEDULE:

Scheduled for consideration on February 1, under a suspension of the rules, which requires 2/3 majority for passage.

TOPLINE SUMMARY:

<u>H.R. 2187</u> would expand the definition of an accredited investor to include individuals licensed as brokers or investment advisors, or those with professional knowledge pertaining to a particular investment as verified by certain regulatory authorities.

COST

The Congressional Budget Office (CBO) <u>estimates</u> that implementing H.R. 2187 would cost less than \$500 thousand over the FY 2016-2020 period.

CONSERVATIVE CONCERNS:

There are no substantive concerns.

- Expand the Size and Scope of the Federal Government? No.
- Encroach into State or Local Authority? No.
- Delegate Any Legislative Authority to the Executive Branch? No.
- Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits? No.

DETAILED SUMMARY AND ANALYSIS:

Under current law, there are a number of exemptions from the requirement that securities be registered with the Securities and Exchange Commission before being sold to the public. Securities offered only to accredited investors – individuals with adequate financial knowledge and the ability to sustain the risk of loss – do not require registration. Currently, these investors can participate in investment opportunities that non-accredited investors cannot.

This legislation would codify the current income threshold definition of an accredited investor, and index it for inflation. It would also create two new categories of individuals eligible to operate as accredited investors, eligible through professional experience.

Under the expanded definition, a person would be considered "accredited" if they: (1) have a net worth of \$1 million, indexed for inflation; (2) have a yearly income of \$200 thousand individually, or \$300 thousand jointly, indexed for inflation; (3) hold a current recognized securities-related license, either state or federal; or (4) have provable professional experience in the offered security, as administered by Financial Industry Regulatory Authority (FINRA).

Section 3 would require that not later than 180 days following enactment, the SEC establish criteria for use by FINRA to administer an exam to license as accredited investors those that do not meet the requirements. The criteria to assure that licensed investors have required competency can include an understanding of: (1) different types of securities; (2) the disclosure obligations under the securities laws of issuers versus private companies; (3) the structures of corporate governance; (4) the components of a financial statement; (5) other criteria established by the Commission in the public interest and for the protection of investors.

COMMITTEE ACTION:

H.R. 2187 was introduced on April 30, 2015 and was referred to the House Committee on Financial Services, where it was reported amended on December 9, 2015.

ADMINISTRATION POSITION:

A Statement of Administration Policy is not available.

CONSTITUTIONAL AUTHORITY:

According to the sponsor, Congress has the power to enact this legislation pursuant to Article I, Section 8 of the United States Constitution. A specific enumerating clause was not provided.



H.R. 2209 — To require the appropriate Federal banking agencies to treat certain municipal obligations as level 2A liquid assets, and for other purposes (Rep. Messer, R-IN)

CONTACT: Jennifer Weinhart, 202-226-0706

FLOOR SCHEDULE:

Scheduled for consideration on February 1, under a suspension of the rules, which requires 2/3 majority for passage.

TOPLINE SUMMARY:

<u>H.R. 2209</u> would amend the <u>Federal Deposit Insurance Act</u> as it pertains to certain municipal bonds. This bill would direct federal banking agencies to treat any liquid, readily marketable, investment grade municipal bond as a high-quality level 2A asset.

COST:

The Congressional Budget Office (CBO) <u>estimates</u> that implementing H.R. 2209 would have no significant cost.

CONSERVATIVE CONCERNS:

There are no substantive concerns.

- Expand the Size and Scope of the Federal Government? No.
- Encroach into State or Local Authority? No.
- Delegate Any Legislative Authority to the Executive Branch? No.
- Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits? No.

DETAILED SUMMARY AND ANALYSIS:

Following the 2008 economic crisis Federal banking regulations required all banks have enough High Quality Liquid Assets (HQLAs) to cover cash outflows for 30 days in the event of future financial crises. Under these new regulations, municipal bonds do not qualify as HQLAs, and are not included in the Liquidity Covered Ratio.

This legislation would, within 90 days following enactment, require regulators to include as HQLAs, any liquid, readily marketable, investment-grade municipal securities. The legislation would direct the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Board, and the Office of the Comptroller of Currency to classify these investment-grade municipal securities as HQLAs. It would also classify investment grade municipal securities as level 2A HQLAs under the Liquidity Coverage Ratio Rule. The bill would stipulate that the final rule include a definition of liquid and readily marketable. Depending on the definition included in the final rule, such classification could result in the masking of underlying risk attributes of the municipal securities, which could pose a threat to the ability of the depository institution to meet liquidity needs in the event of stress.

COMMITTEE ACTION:

H.R. 2209 was introduced on May 1, 2015 and was referred to the House Committee on Financial Services, where it was reported on November 4, 2015.

ADMINISTRATION POSITION:

A Statement of Administration Policy is not available.

CONSTITUTIONAL AUTHORITY:

According to the sponsor, Congress has the power to enact this legislation pursuant to Article I, Section 8, clause 18 of the United States Constitution. No specific enumerating clause was specified.



H.R.3784 — SEC Small Business Advocate Act of 2016 (Rep. Carney, D-DE)

CONTACT: Jennifer Weinhart, 202-226-0706

FLOOR SCHEDULE:

Scheduled for consideration on February 1, under a suspension of the rules, which requires 2/3 majority for passage.

TOPLINE SUMMARY:

<u>H.R. 3784</u> would establish an Office of the Advocate for Small Business Capital Formation within the Securities and Exchange Commission to assist small businesses and investors, provide guidance on proposed and final regulations and orders and would update small business policies. H.R. 3784 would also establish the Small Business Capital Formation Advisory Committee which will be led by the Advocate for Small Business Capital Formation to provide stakeholders and investors with the tools needed to communicate small business issues with the SEC staff and Chair.

COST:

The Congressional Budget Office (CBO) <u>estimates</u> that implementing H.R. 3784 would cost roughly \$2 million per year for personnel and administrative costs, and roughly \$7 million over the FY2016-2020 period.

CONSERVATIVE CONCERNS:

There are no substantive concerns.

- **Expand the Size and Scope of the Federal Government?** Yes. It establishes an Advocate and relevant staff within the SEC.
- Encroach into State or Local Authority? No.
- Delegate Any Legislative Authority to the Executive Branch? No.
- Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits? No.

DETAILED SUMMARY AND ANALYSIS:

Although small businesses are a driving force of job growth and economic prosperity, they continue to face challenges communicating their difficulties and having adequate representation in Washington. This legislation would give the SEC the opportunity to pursue reforms to positively impact the actions and capabilities of small businesses.

Section 1 would establish the Office of the Advocate for Small Business Capital Formation. The head of the Office would be appointed by the SEC, and would be chosen amongst a pool of individuals possessing experience in advocating for small business and encouraging small business capital formation. The Advocate would report to the SEC directly, and could not be an individual currently employed by the SEC. The Advocate would be able to retain independent counsel and staff, as they deem necessary.

This section would also detail the functions of the Advocate for Small Business capital Formation. The Advocate would be required to: (1) assist small businesses and investors in solving problems with the SEC or other self-regulatory organizations; (2) identify areas of regulation to be updated or amended to encourage small business capital formation; (3) identify issues with small businesses securing capital; (4) analyze the possible impact of proposed SEC regulations or other self-regulatory organizations on small

businesses and investors; (5) conduct small business outreach via regional roundtables, with views to be shared with the SEC; (6) propose potential regulatory changes to Congress and the SEC that would benefit small business interests and their investors; (7) consult with the Investor Advocate to be sure recommendations do not conflict with investor protections; and (8) advise the Investor Advocate on matters pertaining to small businesses and small business investors.

This section would also require the SEC to provide full access to documents and information from the SEC that would be necessary to carry out the office's functions.

This section would require the Advocate to submit annual reports to Congress on the activities of the Advocate during the previous fiscal year. The report would include statistical information and analysis, information on steps taken to improve small business services and response to small business concerns of relevant organizations, a summary of serious issues faced by small businesses, and any recommendations for regulatory changes to the SEC, and any legislative actions necessary. The report would be submitted to Congress without consultation with the SEC. The SEC would be required to create procedures to respond to recommendations submitted by the Advocate within 3 months following each submission.

This section would also be responsible for planning and implementing the annual Government Forum on Small Business Capital Formation.

Section 40 would establish the Small Business Capital Formation Advisory Committee within the SEC. The purpose of the committee would be to provide advice to the SEC on rules, regulations and policies as they pertain to the mission of protecting investors, maintaining efficient markets and encouraging capital formation.

These rules would pertain to: (1) capital raised by emerging companies and publicly traded companies with less than \$250 million in public market capitalization through securities offerings; (2) trading in the securities of smaller companies and emerging companies; and (3) public reporting and corporate governance requirements of smaller public companies and emerging growth companies.

The Committee would not be permitted to provide advice with regards to anything pertaining to the SEC's enforcement program.

The Committee would be comprised of the Advocate for Small Business Capital Formation, between 10-20 members appointed by the SEC, and 3 non-voting members. These members would represent emerging companies in private and limited securities offerings, and those considering initial public offerings and the advisors and investors of those companies. The members would also represent smaller public companies, including their advisors and pre and post-IPO investors, and participants in the marketplace for the securities of emerging and smaller public companies. The non-voting members would include one member appointed by the Investor Advocate, one appointed by the North American Securities Administrators Association, and one member appointed by the Administrator of the Small Business Administration.

Each member of the Committee would serve a term of 4 years, and would not be considered as SEC employees. The Committee would be responsible for electing a chairman, vice chairman, secretary and assistant secretary, who would serve terms of 3 years, from its members. The Committee would be

required to meet at least 4 times per year, at the call of the chairman, and at times, at the call of the SEC. Each member of the committee that is not a full-time government employee, would receive compensation for each day the member is performing duties of the Committee, with travel and expenses covered.

The SEC would be required to review and assess the Committee's findings and recommendations, and issue public statements assessing these findings, in addition to disclosure of any action the SEC plans to take on the recommendations.

This section would stipulate that the Federal Advisory Committee Act does not apply to the committee or its activities.

COMMITTEE ACTION:

H.R. 3784 was introduced on October 21, 2015 and was referred to the House Committee on Financial Services, where it was reported amended on December 9, 2015.

ADMINISTRATION POSITION:

A Statement of Administration Policy is not available.

CONSTITUTIONAL AUTHORITY:

According to the sponsor, Congress has the power to enact this legislation pursuant to Article I, Section 8, clause 1 of the United States Constitution.

H.R. 4168 — Small Business Capital Formation Enhancement Act (Rep. Poliquin, R-ME)

CONTACT: Jennifer Weinhart, 202-226-0706

FLOOR SCHEDULE:

Scheduled for consideration on February 1, under a suspension of the rules, which requires 2/3 majority for passage.

TOPLINE SUMMARY:

<u>H.R. 4168</u> would require the Securities and Exchange Commission to respond to any findings and recommendations put forth by the Government-Business Forum on Small Business Capital Formation.

COST:

The Congressional Budget Office (CBO) <u>estimates</u> H.R. 4168 would cost less than \$500 thousand over the FY2016-2020 period.

CONSERVATIVE CONCERNS:

There are no substantive concerns.

- **Expand the Size and Scope of the Federal Government?** No.
- Encroach into State or Local Authority? No.
- Delegate Any Legislative Authority to the Executive Branch? No.
- Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits? No.

DETAILED SUMMARY AND ANALYSIS:

The <u>Small Business Investment Incentive Act of 1980</u> requires the SEC to conduct an annual government-business review forum to review issues pertaining to small business capital formation, known as the Government-Business Forum on Small Business Capital Formation. These findings and recommendations are meant to be submitted to the SEC, relevant Congressional Committees, and other appropriate bodies. Recommendations made by the forum have been used by Congress to create and pass valuable legislation, including the bipartisan JOBS Act.

The SEC, however, is not required statutorily to respond to the recommendations and findings of the Forum. This legislation would require the SEC to respond to any findings and recommendations put forth by the Forum and promptly issue a statement assessing any findings and recommendations, and any action the Commission intends to take.

COMMITTEE ACTION:

H.R. 4168 was introduced on December 3, 2015 and was referred to the House Committee on Financial Services, where it was reported on December 9, 2015.

ADMINISTRATION POSITION:

A Statement of Administration Policy is not available.

CONSTITUTIONAL AUTHORITY:

According to the sponsor, Congress has the power to enact this legislation pursuant to Article I, Section 8 of the United States Constitution. A specific enumerating clause was not provided.

Concur in the Senate Amendment to H.R. 515 — International Megan's Law to Prevent Child Exploitation and Other Sexual Crimes Through Advanced Notification of Traveling Sex Offenders (Rep. Smith, R-NJ)

CONTACT: Nicholas Rodman, 202-226-8576

FLOOR SCHEDULE:

Scheduled for consideration on February 1, 2016 suspension of the rules, which requires 2/3 vote for passage.

TOPLINE SUMMARY:

The <u>Senate Amendment to H.R. 515</u> would direct the Secretary of Homeland Security to establish a center within or U.S. Immigrations and Customs Enforcement to receive, review, and monitor information on the travel of child sex offenders.

COST:

No Congressional Budget Office (CBO) estimate is available. The Senate Amendment would authorize appropriations of \$6 million for each of fiscal years 2017 and 2018.

Rule 28(a)(1) of the Rules of the Republican Conference prohibit measures from being scheduled for consideration under suspension of the rules without an accompanying cost estimate. Rule 28(b) provides that the cost estimate requirement may be waived by a majority of the Elected Leadership.

CONSERVATIVE CONCERNS:

Some conservatives may be concerned that the Senate Amendment includes a new authorization of appropriations while the House-passed bill required the bill's activities to be carried out using existing funding.

- Expand the Size and Scope of the Federal Government? No.
- Encroach into State or Local Authority? No.
- Delegate Any Legislative Authority to the Executive Branch? No.
- Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits? No.

DETAILED SUMMARY AND ANALYSIS:

The Senate amendment to H.R. 515 would direct the Department of Homeland Security to establish the "Angel Watch Center" within the Child Exploitation Investigations Unit of U.S. Immigrations and Customs Enforcement to: (1) receive incoming notifications concerning individuals seeking to enter the United States who have committed offenses of a sexual nature; (2) determine if individuals traveling abroad are listed on the National Sex Offender Registry; and (3) review the United States Marshals Service's National Sex Offender Targeting Center case management system. The center would then be required to share all information received relating to the individual with the Department of Justice or with other federal, state, and local agencies.

The United States Marshals Service's National Sex Offender Targeting Center would be required to provide the Angel Watch Center with information regarding any sex-offender 24 hours before the offender's intended travel or not later than 72 hours after the intended travel. The Angel Watch Center would be

authorized to notify a destination country of a child-sex offender's impending or current international travel to that country. The Secretary of Homeland Security would be directed to enter into a Memorandum of Agreement with the Attorney General to facilitate the activities of the Angel Watch Center in collaboration with the United States Marshals Service's National Sex Offender Targeting Center, including the exchange of information.

The Angel Watch Center would be required to provide a written determination to the Department of State regarding the status of an individual as a covered sex offender. The Department of Homeland Security would further be directed to submit an annual report to Congress that includes: (1) the number of instances in which a notification or information was erroneously transmitted to the destination country; and (2) the actions taken to prevent similar errors from occurring in the future.

Section 5 of the bill would authorize the United States Marshals Service's National Sex Offender Targeting Center to: (1) transmit notification of a sex offender's international travel to the destination country of the sex offender, including to the visa-issuing agent or agents in the United States of the country; (2) share information relating to traveling sex offenders with other federal, state, local, and foreign agencies and entities; (3) receive incoming notifications concerning individuals seeking to enter the United States who have committed offenses of a sexual nature and would be required to share the information received immediately with the Department of Homeland Security; and (4) perform other functions directed by the Attorney General or the Director of the United States Marshals Service.

Section 6 of the bill would amend section 114 of the Adam Walsh Child Protection and Safety Act of 2006 to require a sex offender to provide specific information relating to intended travel outside the United States, including any anticipated dates and places of departure, arrival, or return, and any other itinerary or other travel-related information required by the Attorney General. If an offender fails to comply with the requirements and knowingly fails to provide information, the offender would be fined under the bill, and imprisoned not more than 10 years, or both.

Section 7 would express a sense of Congress that the Secretary of State, in consultation with the Attorney General and the Secretary of Homeland Security, should seek reciprocal international agreements or arrangements to further the purposes of the bill. Section 8 of the bill would prohibit the Secretary of State from issuing a passport to a covered sex offender unless the passport contains a unique identifier, and would authorize the Secretary of State to revoke a passport previously issued without such an identifier of a covered sex offender.

The Senate amendment to H.R. 515 would authorize \$6,000,000 for each of fiscal years 2017 and 2018 to be appropriated, and would clarify that nothing in the bill would be construed to limit international information sharing or law enforcement cooperation relating to any person pursuant to any authority of the Department of Justice, the Department of Homeland Security, or any other department or agency.

The RSC's legislative bulletin for the House-passed version of H.R. 515 can be found here.

COMMITTEE ACTION:

H.R. 515 was introduced on January 22, 2015 and was referred to the House Committee on Foreign Affairs. On January 26, 2015, the bill passed the House by voice vote. The bill was then referred to the Senate Foreign Relations Committee and reported with an amendment in the nature of a substitute. On December 17, 2015, H.R. 515 passed the Senate with an amendment by unanimous consent.

ADMINISTRATION POSITION:

No Statement of Administration Policy is available at this time.

CONSTITUTIONAL AUTHORITY:

According to the bill's sponsor: "Congress has the power to enact this legislation pursuant to the following: Article I, Section 8, Clause 3 of the United States Constitution, as sex offenders are traveling in foreign commerce."

H.R. 400 — Trafficking Prevention in Foreign Affairs Contracting Act, as amended (Rep. Royce, R-CA)

CONTACT: Nicholas Rodman, 202-226-8576

FLOOR SCHEDULE:

Scheduled for consideration on February 1, 2016 suspension of the rules, which requires 2/3 vote for passage.

TOPLINE SUMMARY:

<u>H.R. 400</u> would require the Secretary of State and the Administrator of the United States Agency for International Development to submit reports to Congress on recruitment and placement fees charged by contractors, and would require the agencies to modify their policies to combat human trafficking.

COST

The Congressional Budget Office (CBO) <u>estimates</u> that implementing the bill would cost less than \$500,000 over the 2016-2020 period, assuming the availability of appropriated amounts. Enacting the bill would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

CONSERVATIVE CONCERNS:

There are no substantive concerns regarding this bill.

- Expand the Size and Scope of the Federal Government? No.
- Encroach into State or Local Authority? No.
- Delegate Any Legislative Authority to the Executive Branch? No.
- Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits? No.

DETAILED SUMMARY AND ANALYSIS:

H.R. 400 would require the Secretary of State and the Administrator of the United States Agency for International Development (USAID) to submit a report to Congress on: (1) a proposed definition of placement and recruitment fees for the purposes of complying with the Trafficking Victims Protection Act of 2000; (2) an explanation of how the definition would be incorporated into grants, contracts, cooperative agreements, and contracting practices; and (3) a description of actions taken during the 180-day period preceding the date of submission of the report and planned to be taken during the one year period following the report's submission to better ensure that officials responsible for grants, contracts, and cooperative agreements and contracting practices include the prevention of trafficking in persons in plans and processes.

COMMITTEE ACTION:

H.R. 400 was introduced on January 16, 2015 and was referred to the House Committee on Foreign Affairs which ordered the bill reported by voice vote on February 27, 2015.

ADMINISTRATION POSITION:

No Statement of Administration Policy is available at this time.

CONSTITUTIONAL AUTHORITY:

According to the bill's sponsor: "Congress has the power to enact this legislation pursuant to the following: Article I, section 8 of the Constitution of the United States." No specific enumerating clause was specified.

S. 2152 — Electrify Africa Act of 2015 (Sen. Corker, R-TN)

CONTACT: Nicholas Rodman, 202-226-8576

FLOOR SCHEDULE:

Scheduled for consideration on February 1, 2016 suspension of the rules, which requires 2/3 vote for passage.

TOPLINE SUMMARY:

<u>S. 2152</u> would require the President to establish a comprehensive, integrated, multiyear strategy to encourage the efforts of countries in sub-Saharan Africa to implement national power strategies and develop an appropriate mix of power solutions.

COST:

The Congressional Budget Office (CBO) estimates that implementing the bill would cost less than \$500,000 each year and total roughly \$1 million over the 2016-2020 period; such spending would be subject to the availability of appropriated funds. Enacting S. 2152 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

CONSERVATIVE CONCERNS:

There are no substantive concerns regarding this bill.

- Expand the Size and Scope of the Federal Government? No.
- Encroach into State or Local Authority? No.
- Delegate Any Legislative Authority to the Executive Branch? No.
- Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits? No.

DETAILED SUMMARY AND ANALYSIS:

S. 2152 would state that it is United States policy to partner with the governments of sub-Saharan African countries, international financial institutions, and African regional economic communities, cooperatives, and the private sector to: (1) promote first-time access to power and power services for at least 50,000,000 people in sub-Saharan Africa by 2020 in both urban and rural areas; (2) encourage the installation of at least 20,000 additional megawatts of electrical power in sub-Saharan Africa by 2020; (3) promote non-discriminatory reliable, affordable, and sustainable power in urban areas; (4) promote policies to facilitate public-private partnerships; (5) encourage necessary in-country reforms to meet these goals; (6) promote reforms of power production, delivery, and pricing, as well as regulatory reforms and transparency, to support long-term, market-based power generation and distribution; (7) promote policies to displace kerosene lighting with other technologies; (8) promote an all-of-the-above energy development strategy for sub-Saharan Africa that includes the use of oil, natural gas, coal, hydroelectric, wind, solar, and geothermal power, and other sources of energy; and (9) promote and increase the use of private financing and seek ways to remove barriers to private financing and assistance for projects.

The bill would require the president to establish a comprehensive, multiyear strategy to encourage the efforts of countries in sub-Saharan Africa to implement national power strategies and develop an appropriate mix of power solutions. The president would further be directed to ensure that such strategy maintains flexibility and remains responsive to concerns and interests of affected local communities and technological innovation in the power sector. The president would be authorized to establish an Interagency Working Group to coordinate the activities of relevant United States government departments and agencies involved in carrying out the strategy.

S. 2152 would further encourage the Administrator of the United States Agency for International Development (USAID), the Director of the Trade and Development Agency, the Overseas Private Investment Corporation (OPIC), and the Chief Executive Officer and Board of Directors of the Millennium Challenge Corporation to prioritize efforts and assistance for power projects and markets in sub-Saharan Africa, and partner with other investors and local institutions in sub-Saharan Africa to specifically increase access to sustainable power.

The President would be directed to leverage U.S. influence at international organizations to advocate that each body: (1) commit to significantly increase efforts to promote investment in well-designed power sector and electrification projects in sub-Saharan Africa; (2) address energy needs of individuals and communities where access to an electricity grid is impractical or cost-prohibitive; (3) enhance coordination with the private sector in sub-Saharan Africa; (4) provide technical assistance to the regulatory authorities of sub-Saharan African governments to remove unnecessary barriers to investment in otherwise commercially viable projects; and (5) utilize clear, accountable, and metric-based targets to measure the effectiveness of projects. The bill would further require the President to submit a strategy progress report to Congress within 3 years of the bill's enactment.

The Senate report (S. Rept. 114-176) accompanying S. 2152 can be found here.

COMMITTEE ACTION:

S. 2152 was introduced on October 7, 2015 and was referred to the Senate Foreign Relations Committee which reported the bill with amendments on November 5, 2015. The bill passed the Senate on December 18, 2015 with amendments by unanimous consent.

ADMINISTRATION POSITION:

No Statement of Administration Policy is available at this time.

CONSTITUTIONAL AUTHORITY:

Measures originating in the Senate do not require a constitutional authority statement.

Senate Amendment to H.R. 4188 — Coast Guard Authorization Act of 2015 (Rep. Hunter, R-CA)

CONTACT: Matt Dickerson, 202-226-9718

FLOOR SCHEDULE:

February 1, 2016 under a suspension of the rules, which requires a 2/3 majority for passage.

TOPLINE SUMMARY:

The Senate Amendment to H.R. 4188 would reauthorize the Coast Guard through Fiscal Year (FY) 2017.

COST:

A Congressional Budget Office (CBO) estimate is not available.

H.R. 4188 would authorize \$9.1 billion in annual appropriations for the U.S. Coast Guard for FY 2016 and 2017. This authorization is about \$400 million above the current authorization and about \$700 million more than current appropriations.

Rule 28 (a)(1) of <u>Rules of the House Republican Conference for the 114th Congress</u> states that the Republican Leader shall not schedule, or request to have scheduled, any bill or resolution for consideration under suspension of the Rules which fails to include a cost estimate.

CONSERVATIVE CONCERNS:

- Expand the Size and Scope of the Federal Government? Yes. The bill would increase the authorization for the Coast Guard, increase responsibilities for the Coast Guard, as well as increase criminalization of certain activities for U.S. citizens on boats.
- Encroach into State or Local Authority? No.
- Delegate Any Legislative Authority to the Executive Branch? No.
- Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits? No.

DETAILED SUMMARY AND ANALYSIS:

Authorization and Funding: H.R. 4188 would authorize \$9.1 billion in annual appropriations for the U.S. Coast Guard for FY 2016 and 2017. This authorization is about \$400 million above the current authorization and about \$700 million more than current appropriations. The Coast Guard <u>reauthorization passed by the House in May 2015</u> would have reauthorized \$8.7 billion in annual appropriations.

Personnel: The legislation would authorize an end-of-year strength of 43,000 active duty military personnel in FY 2016 and 2017.

Authorization Request: The bill would require the Coast Guard to submit to Congress an authorization request each year, as the Department of Defense currently does.

Icebreakers: The bill authorizes funding for the pre-acquisition, construction, and design of icebreakers for the Great Lakes and the polar regions. The bill also requires a study to determine if it is cost effective to reactivate the Polar Sea icebreaker.

Senior Leadership: The bill would change the rank of the vice service chief from vice admiral (three star) to admiral (four star). The bill would also reestablish the position of Chief of Staff of the Coast Guard, which was discontinued in 2011. These changes are meant to align the Coast Guard with the other branches of the armed services.

Coast Guard Remission of Debt: The bill would allow the Coast Guard to have remitted or cancel a service member's debt to the United States if the debt was incurred while the service member was on active duty with the Coast Guard and it is determined that remitting or canceling the debt is in the interest of the United States.

Major Acquisitions Plan: The bill would require the Coast Guard to provide Congress with a long-term plan for shipbuilding requirements.

Air Facility Closures: The bill would prohibit the Coast Guard from closing any air facility that was in operation on November 30, 2014, or from retiring or transferring an aviation asset from an air facility that was in operation on November 30, 2014. The bill would further place restrictions on the Coast Guard proposing closures of air facilities in the future.

Graduate Education: The bill would authorize the Coast Guard to establish a new graduate education program at a public academic institution for the development of Coast Guard service members and civilians.

Trainings Course on Congress: The bill would require the Coast Guard to establish a training course on how Congress works, including the functions and responsibilities of the House Transportation and Infrastructure Committee and the Senate Commerce, Science, and Transportation Committee. At least 60 percent of the instructors for this course are required to be experts on Congress who are not employed by the Executive Branch.

Combat Related Compensation: The bill would require the Coast Guard to establish criteria for determining if a disabled member of the Coast Guard is eligible for combat related special compensation.

Survival Craft: The bill would require new or renovated passenger vessels operating in cold water to be equipped with survival crafts.

Marine Event Safety Zones: The bill would authorize the Coast Guard to recover the costs of providing safety zones around privately held events (such as fireworks displays).

Recreational Vehicle Engine Weights: The bill would require the Coast guard to update its references for recreational vehicle engine weights for floatation tests. The current references have not been updated for more than 20 years.

Merchant Mariner Medical Certifications: The bill would require the Coast Guard to certify local doctors to make physical fitness determinations for merchant mariners. Under current law, potential merchant mariners must be examined by a doctor who submits a form to the Coast Guard. A Coast Guard employee then certifies the medical fitness of the mariner based solely on the form without actually medically reviewing the mariner.

Certificates of Documentation for Recreational Vessels: The bill would require the Coast Guard to develop a Certificate of Documentation for recreational vessels that is effective for five years (as opposed to the current certificate that is only effective for one year).

Drug Enforcement: The bill would make it against the law on any vessel subject to the jurisdiction of the United States or for any U.S. citizen on any vessel to 1) manufacture, distribute, or possess with intent to

distribute a controlled substance, 2) destroy or attempt to destroy property that is subject to forfeiture, or 3) conceal more than \$100,000 in currency.

Federal Maritime Commission: The bill would reauthorize the Federal Maritime Commission for FY 2016 and 2017.

Conveyances: The bill includes several land conveyances in Alaska and California.

COMMITTEE ACTION:

H.R. 4188 was introduced on December 8, 2015, and referred to the House Transportation and Infrastructure Committee. The House passed <u>H.R. 4188</u> on December 10, 2015, by a voice vote.

The Senate passed H.R. 4188 with an amendment on December 18, 2015, by a voice vote.

This is the second Coast Guard reauthorization considered by the House this year. <u>H.R. 1987</u> was introduced on April 23, 2015, and referred to the House Transportation and Infrastructure Committee. On <u>April 30, 2015</u>, the Committee marked up and reported the bill by voice vote. H.R. 1987 was passed by the House by voice vote on May 18, 2015.

ADMINISTRATION POSITION:

No Statement of Administration Policy is available at this time.

CONSTITUTIONAL AUTHORITY:

"Congress has the power to enact this legislation pursuant to the following: Article I, Section 8 of the United States Constitution, specifically Clause 3 (to regulate Commerce with foreign Nations, and among the several States, and with Indian Tribes) and Clause 14 (to make Rules for the Government and Regulation of the land and naval Forces)."

NOTE: RSC Legislative Bulletins are for informational purposes only and should not be taken as statements of support or opposition from the Republican Study Committee.

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